

# CAPITAL IMPROVEMENT PROGRAMMING

## INTRODUCTION

Capital improvement programming is a guide toward the efficient and effective provision of public facilities. The result of this continuing programming process is the Capital Improvement Program (CIP), a document published annually that proposes the development, modernization or replacement of physical public projects over a multi-year period. The CIP shows the arrangement of projects in a sequential order based on a schedule of priorities and assigns an estimated cost and anticipated method of financing for each project.

Programming capital facilities over time can promote better use of the County's limited financial resources and assist in the coordination of public and private development. In addition, the programming process is valuable as a means of coordinating among County agencies to avoid duplication of efforts and to take advantage of joint planning and development of facilities where possible. By looking beyond year to year budgeting and projecting what, where, when and how capital investments should be made, capital programming enables public bodies to maintain an effective level of service to the present and future population.

## ORGANIZATION OF THE CIP

The Fairfax County Capital Improvement Program is composed of three major sections. The first section, **Capital Improvement Programming**, describes capital improvement programming, its relationship to planning and budgeting, and how the Fairfax County CIP is developed.

Section two, the **Program Summary**, contains the highlights of individual program areas, the financial and funding characteristics of the proposed program, and the anticipated schedule for funding the program. This section also relates the capital program to the County's fiscal policies.

The third section, **Functional Program Areas**, presents the program elements contained in the CIP, project descriptions and cost summaries.

There are sixteen program elements included in the CIP:

- Schools
- Fairfax County Park Authority
- Northern Virginia Regional Park Authority
- Libraries
- Human Services
- Community Development
- Housing Development
- Revitalization
- Criminal Justice
- Public Safety
- Facilities Management and Maintenance
- Solid Waste Management
- Neighborhood Improvement
- Sanitary Sewerage System
- Water Supply
- Transportation

Each program element is composed of seven parts: 1) issues and background conditions with which the program attempts to deal; 2) goals which guide the development of the program ; 3) Comprehensive Plan guidance for the functional area; 4) recent program activity; 5) current program summary; 6) descriptions of projects included in the program and those which are recommended for deferral; and , 7) a table of the project funding summaries and schedules. The funding schedules indicate the total cost of each project and the amount to be scheduled over the five year CIP period. In addition, these tables show a recommended resource of funding for each project. (A sample program project cost summary table follows with further elaboration on definitions and purpose). Most of the program elements also contain a map which locates projects in the County having a selected or fixed site.

In addition to these major sections, the Capital Improvement Program document contains an Appendix consisting of the following elements: A) a fiscal background presenting details on the funding schedules sources and bond referenda; B) cash flow tables summarizing the anticipated cash flows for projects funded with general obligation bonds; and C) project locations organized by magisterial districts.

## BENEFITS OF CAPITAL PROGRAMMING

A long-term capital improvement program has many obvious benefits that derive from its systematic approach to planning and financing public agency projects. These benefits will not occur, however, simply with the annual production of the document and its subsequent adoption by the local government. Its usefulness and value depend on continuing legislative support of the project and firm executive commitment in carrying out program recommendation on a daily basis. Some of the more important benefits to be derived from a viable capital programming process include the following:

- o **Assists in the implementation of the Comprehensive Plan.** The primary function of the CIP is to serve as a mechanism for implementation of the Comprehensive Plan. By outlining the facilities needed to serve the population and land uses called for in the Plan and by scheduling them over time, the CIP guides the public construction program for the future.  
  
The investment of funds in public facilities clearly has an impact on the pattern of community development. This can be most clearly seen in the extension of water and sewer lines and transportation networks, and carries over in the terms of schools, parks, fire and police facilities and the like. Planning for such public facilities and the public announcement of intentions to acquire property or schedule construction of new facilities can do much to influence private development decisions. Likewise private development plans can have an effect in the formulation and priority ranking of project proposed in the CIP. Thus, the CIP is intended to provide an important element in the strategy to achieve the goals and policies established in the Comprehensive Plan. However, the CIP cannot function alone. Use in concert with the zoning ordinance, subdivision regulations and other regulating legislation as well as an awareness of current economic conditions and private market decisions, the CIP is one means of implementing certain aspects of the Comprehensive Plan.
- o **Focuses attention on community goals and needs.** Capital projects can be brought into line with community objectives,

anticipating growth and the government's ability to pay. By planning ahead for projects, those that are needed or desired the most can be constructed or acquired first. Maximum satisfaction can thereby be gained from the public money invested. The CIP, once adopted, keeps the public informed about future capital investment plans of the County. The public involvement in the CIP process provides a mechanism through which a previously unidentified need can surface, be addressed, and placed in a framework of Countywide needs. In addition, knowledge of future capital projects and the ability of the County to fund these projects can be valuable to the private development sector.

- o **Encourages more efficient government administration.** The CIP promotes coordination among government agencies and provides a check on potential overlapping or conflicting programs. Coordination of capital improvement programming by County agencies can reduce scheduling problems and overemphasis on any government function. Work can be more effectively scheduled and available personnel and equipment better utilized when it is known in advance what, where and when projects are to be undertaken. Furthermore, advance programming can assist in avoiding costly mistakes due to improper project scheduling.  
  
The program can guide local officials in making sound annual budget decisions. In addition, the CIP will indicate where sites for projects are needed and where advance acquisition may be necessary to insure the availability of land.
- o **Fosters a sound and stable financial program.** Through capital facilities planning, the need for bond issues or other revenue production measures can be foreseen and action taken before the need becomes so critical as to require emergency financing measures. In addition, sharp changes in the tax structure and bonded indebtedness may be avoided when the projects to be constructed are staged over a number of years. Where there is sufficient time for planning, the most economical means for financing each project can be selected in advance. The CIP can facilitate reliable capital expenditure and revenue estimates and reasonable bond programs by looking ahead to minimize the

impact of capital improvement projects. Keeping planned projects within the financial capacity of the County helps to preserve its credit rating and makes it more attractive to business and industry. Thus, the CIP is an integral element of the County's budgetary process.

### **LEGAL BASIS FOR CAPITAL PROGRAMMING**

The FY 2003-FY 2007 Capital Improvement Program (CIP) (with Future Fiscal Years to 2012) was prepared pursuant to Section 15.2-2239 of the Code of Virginia, as amended, which states that:

**Local commission to prepare and submit annually capital improvement programs to governing body or official charged with preparation of budget.** -- A local commission may, and at the direction of the governing body shall, prepare and revise annually a capital improvement program based on the comprehensive plan of the locality for a period not to exceed the ensuing five years. The commission shall submit the program annually to the governing body, or to the chief administrative officer or other official charged with preparation of the budget for the locality, as such time as it or he shall direct. The capital improvement program shall include the commission's recommendations and estimates of costs of such facilities and the means of financing them, to be undertaken in the ensuing fiscal year and in a period not to exceed the next four years, at the basis of the capital budget for the locality. In the preparation of its capital budget recommendations, the commission shall consult with the chief administrative officer or other executive head of the government of the locality, the heads of departments, and interested citizens and organizations, and shall hold such public hearings as it deems necessary.

### **BASIS FOR PLANNING**

The CIP and the Comprehensive Plan are mutually supportive; the Plan identifies those areas suitable for development and the public investment they will require. The CIP translates these requirements into capital projects designed to support the goals and policies of the Comprehensive Plan. In this way, necessary public facilities are

available, or at least planned, in a concurrent time frame with private development. By providing a realistic schedule for the provision of facilities, orderly development, in the best interest of the citizens of Fairfax County, can be achieved.

Recommendations for public improvements made in the Comprehensive Plan have been reviewed for inclusion in the CIP. Since the Plan deals with a longer time frame than the CIP, many projects recommended for implementation in the Plan are not included in the five-year CIP period. Many projects not included at this time will be incorporated into the CIP as existing needs are met and additional growth occurs. The extent to which growth does or does not occur in a given area will influence both the timing and scope of capital projects. While it is a desired goal to minimize public facility deficiencies, it is equally desirable that only those projects with an identified need will be constructed.

### **BASIS FOR BUDGETING**

The CIP and the Capital Budget are linked in two areas. The first year of the Advertised CIP is the Advertised Capital Budget. Action by the Board of Supervisors to adopt the Capital Budget alters the CIP as well.

Additionally, the adopted CIP provides guidance for development of the Capital Budget for the following year. Thus, an orderly cycle of project identification, evaluation, financing and construction is achieved. The Capital Budget, however, is not merely the first year of the multi-year capital program. While the CIP is a proposed expenditure plan, the budget process, through the approval of fiscal resolutions by the Board of Supervisors, provides the mechanism for the legal authorization to appropriate and spend County funds.

### **CAPITAL PROGRAMMING IN FAIRFAX COUNTY**

The Capital Improvement Program for Fairfax County is developed according to a calendar which typically covers a nearly seven month timeframe. The County's CIP process is initiated in September when Project Submission Manuals are transmitted to all County agencies by the County Executive. At that time agencies are requested to refine the former year's Program by re-examining the project scopes,

justifications, project cost estimates and related schedules, and estimated operating costs. Agencies also are requested to identify projects not currently induced in the County's adopted CIP which they anticipate as capital needs over the next fifteen year period.

Agency submissions are received by the Department of Planning and Zoning in November. These submissions are reviewed by staff and evaluated for need, Comprehensive Plan consistency and funding requirements. Recommendations for the appropriate funding and phasing of projects are coordinated with the respective agencies, the Department of Management and Budget and the County Executive's Office and an Advertised Program is developed. The Advertised Program is usually presented to the Fairfax County Planning Commission in March at which time a workshop with selected agencies and a public hearing are held. After completing its review of the Program, the Planning Commission forwards its recommendations to the Board of Supervisors for consideration. The Board of Supervisors typically holds a public hearing on the Advertised CIP in April concurrent with the County's Advertised Budget plan and subsequently marks up and adopts the Program.